



CALIFORNIA DEPARTMENT OF CONSUMER AFFAIRS

400 R STREET, 3000

SACRAMENTO, CA 95814-6200

PHONE: (916) 574-8200 • FAX: (916) 574-8613 • INTERNET: www.dca.ca.gov

**Summary – Consumer Leaders Roundtable
July 7, 2005
Hosted by California Department of Consumer Affairs
Co-Hosted by Los Angeles County Department of Consumer Affairs**

Participants

On July 7, 2005, the California Department of Consumer Affairs and the Los Angeles County Department of Consumer Affairs hosted a very informative Consumer Leader roundtable in Los Angeles. Approximately 30 people attended the roundtable, representing the following consumer groups, government organizations, and community-based organizations:

- City of El Monte
- Community Enhancement Services
- Better Business Bureau
- Chinatown Service Center
- Bet Tzedek Legal Services
- Federal Trade Commission
- Neighborhood Legal Services of Los Angeles
- Office of the Attorney General
- Los Angeles City Attorney
- Contractors State License Board, California Department of Consumer Affairs
- Consumer Action

Issues/Updates

Following is an overview of some of the major issues/updates raised by participants.

- **Identity theft** – several participants mentioned identity theft as a major area of concern. Identity theft is the fastest growing crime in the United States, which cost consumers and businesses over \$52 billion in 2004. **Charlene Zettel, Director, California Department of Consumer Affairs** noted that the Department will be hosting a second Identity Theft Summit early next year. The results of the Department's March 1, 2005 summit will be released shortly, and future work includes legislation and continued outreach and education through the Department's California Office of Privacy Protection. **Ann Stahl, Federal Trade Commission**, reported that 43% of complaints the Commission receives are related to identity theft. Legislation is pending to create a sub-agency within the Commission that would focus on resolving individual consumer issues with identity theft. **Rigoberto Reyes, Los Angeles County Consumer Affairs Department** reported that the State of Ohio has an Identity Theft Passport Pilot program. **Sara Anjargolian, Office of the City Attorney**, stated that her office is interested in working on the issue of identity theft.
- **Commercial financial literacy** – **Dr. Allen Martin, California State University, Northridge**, stated that he is conducting a survey on consumer literacy in Spanish-speaking communities. **Zigmund Vays, Community Enhancement Services**, noted that his organization has developed a consumer literacy program that was inserted into the Department of Education's civic education program. **Guadalupe Aguilar, Consumer Action**, discussed a new Consumer Action brochure on financial literacy for seniors, and described the organization's Money Wise program.

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- **Elder financial abuse/senior fraud** – five participants mentioned that senior fraud and elder financial abuse is a problem. **Edith Garcia, Los Angeles County Department of Consumer Affairs**, and **Debra Zimmerman, Bet Tzedek Legal Services**, stated that this abuse often originates within the seniors' families. Real estate fraud was mentioned as a common problem for seniors.
- **Credit issues** – **Herschel Elkins, California Attorney Generals Office**, and **Gary Almond, Better Business Bureau**, reported that credit counselors are a continuing problem; non-profit credit counselors are exempt from regulation. **Debra Williams, Los Angeles County Consumer Affairs**, mentioned problems with credit reporting companies changing credit records and not reporting changes to consumers. **Guadalupe Aguilar, Consumer Action**, reported that Consumer Action will be performing a credit card survey at the beginning of August, and that default to high interest rates by credit card issuers is a problem.
- **Telecommunications/cellular phone issues** – **Pearly Mautner, Chinatown Service Center** stated that her organization is dealing with rebate scams related to cellular phones. **Debra Williams, Los Angeles County Department of Consumer Affairs**, reported roaming charges on phones as a problem.
- **Unlicensed medical practice** – **Michael Machlis, City of El Monte Social Services**, stated that his organization's clients often do business with unlicensed pharmacists; Latino clients often use *botanicas* (herb dispensers) or *curanderas* (healers who use magic and herbs), whose practices may be unsafe. **Don Kass, Los Angeles District Attorney's Office**, mentioned his office has worked with the Los Angeles HALT team and the California Department of Health Services to shut down unlicensed medical practitioners. **Bev Augustine, California Department of Consumer Affairs**, stated that the Department is interested in developing a consumer education campaign on unlicensed medical activity.
- **Real estate fraud** – **Edith Garcia, Los Angeles County Department of Consumer Affairs**, noted the sale of homes below market value by family members as a problem for seniors. **Debra Zimmerman, Bet Tzedek Legal Services**, stated that her organization's clients experience problems with foreclosure and equity scams. **Nicholas Aquino, Los Angeles County Department of Consumer Affairs**, mentioned piggy back seconds issues (loans) and foreclosure scams as real estate problems.
- **Unnecessary car repairs** – **Peter Garcia, California Department of Consumer Affairs**, stated that the Department's Complaint Mediation Program has been encountering complaints about unnecessary car repairs, and that services not recommended by the car manufacturer (e.g., flushing of transmissions, fuel injectors, etc.) are often performed.
- **Language issues** – **Tim Bissell, Los Angeles County Department of Consumer Affairs**, stated that he is working on a plain language initiative for government documents. Many participants noted the need for consumer publications to be developed at the appropriate reading level, distributed in print as well as electronically since many consumers do not have Internet access, and translated into several different languages.

Participant Recommendations on Next Steps

Participants were asked to recommend "next steps" to take to resolve the problems discussed. Following are the recommendations submitted:

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- Work on legislation to require car repair dealers to disclose that the services they recommend may not be recommended by auto manufacturers.
- More coordination of consumer education campaigns to increase impact and reduce duplication of efforts (e.g., multiple consumer brochures on the same topics).
- Work on credit issues.
- Work on negative option issues.
- Increased penalties for legal document assistants, paralegals, and document preparers.
- Work closer with law enforcement agencies and government agencies on real estate fraud.
- Work closely with other agencies on language access issues for consumers, including outreach materials for agencies in several languages.
- Use list serve for participants for easy communication of what folks are seeing and what is being done about it.
- Formal partnerships between government agencies, law enforcement, and legal services agencies.
- PR partnerships with the Federal Trade Commission and consumer groups promoting the website and toll-free number to www.annualcreditreport.com/cra/index.jsp. This service is recommended by the Department of Consumer Affairs' California Office of Privacy Protection (COPP) because it is the most reliable and free of charge.
- Sweep on identity theft scams, both traditional and on the Internet.
- Senior financial fraud awareness seminars.
- Establish work groups for specific concerns.
- Interaction – sharing of ideas on consumer awareness.
- Publish Consumer Legislative Digest.
- Summary of today's issues and distribution to participants.
- Legislative meetings on credit counseling.
- Functional area sub-meetings with the various non-profit consumer groups.

Action

In response to the above, the California Department of Consumer Affairs will undertake the following activities, in partnership with local consumer protection agencies, law enforcement agencies, legal services agencies, government agencies, and community based organizations:

- Create and facilitate a statewide work group to coordinate and enhance agency consumer education efforts (i.e., campaigns, publication of brochures, translation/plain language issues) to ensure that resources are shared efficiently and to prevent duplication of effort.
Lead: Bev Augustine, Deputy Director, California Department of Consumer Affairs
- Create and facilitate a statewide work group to address elder consumer issues. The California Department of Consumer Affairs will host a summit on elder consumer issues next year.
Lead: Antonette Sorrick, Assistant Deputy Director, California Department of Consumer Affairs.
- Develop a consumer education campaign on unlicensed medical activity.
Lead: Bev Augustine, Deputy Director, California Department of Consumer Affairs
- Continue work on the problem of identity theft, which will include a second summit in February 2006. Others are welcome to join the existing work group on this issue.
Lead: Antonette Sorrick, Assistant Deputy Director, California Department of Consumer Affairs

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- Meet with the directors of the various state departments that regulate the issues discussed today (e.g., Department of Real Estate, Department of Financial Institutions, Department of Corporations, Department of Health Services, Department of Aging), to share with them the results of this meeting and to invite them and their staff to participate in the statewide work groups.
Lead: Bev Augustine, Deputy Director, California Department of Consumer Affairs, with Charlene Zettel, Director, California Department of Consumer Affairs

Request for Participation

Please contact Bev Augustine at Bev_Augustine@dca.ca.gov or Antonette Sorrick at Antonette_Sorrick@dca.ca.gov if you would like to participate in the above work groups. Please call Bev or Antonette at (916) 574-8200 if you have any questions.